

A Dissertation report on
**AN EMPIRICAL STUDY ON ENTREPRENEURS' INTERPERSONAL TRAITS AND
ITS EFFECT ON BUSINESS PERFORMANCE OF SMES**

*Submitted in partial fulfilment of the requirements for the degree of
Master of Business Administration (MBA) by*

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CERTIFICATE

This to certify that the project entitled **An Empirical Study on Entrepreneurs' Interpersonal Traits and its Effect on Business Performance of SMEs** submitted by **SMRUTI RANJAN MOHANTY** bearing Roll Number **313SM1004** for the partial fulfilment of the requirement for the degree of Master of Business Administration embodies the genuine work done under his supervision.

Signature of the guide

Place: School of Management, NIT, Rourkela

Date:

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It was an Enriching experience and great opportunity to do my Masters Project “**An Empirical Study on Entrepreneurs’ Interpersonal Traits and its Effect on Business Performance**”. I would like to express my deep regards and gratitude to my mentor and Project guide **Dr. RAJEEV KUMAR PANDA** (Assistant Professor, Marketing), School of Management NIT,Rourkela for giving me the proper guidance, direction and constant support during the project that gave me enough exposure to learn and extending his full cooperation for the successful completion of my masters project and for extending support throughout the period by his valuable support and guidance.

DECLARATION

This is to certify that Study titled “An Empirical Study on Entrepreneurs’ Interpersonal Traits and its Effect on Business Performance of SMEs” is my original work. Any direct reference from secondary sources is duly mentioned and if found otherwise this study itself will be Null and Void.

EXECUTIVE SUMMARY

The report is the summation of the project work carried on during the course of masters project over a period of 3 months from Jan 2015 to Mar 2015.

The project undertaken was **“An Empirical Study on Entrepreneurs’ Interpersonal Traits and its Effect on Business Performance”**.

The objective of the study is to identify the personal determinants of entrepreneur which are helpful for the success of the business; further the objective of the study was not only to highlight the determinant of entrepreneurial success but also to check the impact of each determinant on the success of business. Further it is also to identify the critical factor for success of business performance.

It began with successful interpersonal traits of an entrepreneur and what drives them towards success and how this traits affects the business performance of small and medium enterprise entrepreneur. For this we have taken 5 factors for interpersonal traits and 1 factor for business performance.

The analysis based on the owner/ managers who responded to a questionnaire survey conducted on sample of small scale industries in Sundergarh district of Odisha. Initially, exploratory factor analysis has generated five factor solutions. In order to confirm reliability of factor, Cronbach’s alpha was used.

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1.INTRODUCTION

1.1 Rationale of the study

The policies of liberalization, globalization and marketisation brought out fundamental changes in the Indian business environment in which industries operate (Sengupta, 2002). Post reform period in the early nineties there have been numerous opportunities as well as challenges for industries to survive and sustain. Different industries face different challenges with respect to their type, size and domain of business. But these challenges are more acute and prominent in small and medium scale enterprises (SMEs). They being the backbone of industrial development play very important role in socio-economic development of the country on account of their inherent advantages like low capital requirement, high employment generation, decentralization of industrial activity, utilization of locally available resources and widening of entrepreneurial base. This sector is the second largest manpower employer, after agriculture, in our country.

The contribution of Small and Medium Enterprises has been remarkable in the industrial development of the country. It has a share of 40% in the industrial production. 35% of the total manufactured exports of the country are directly accounted for by this sector. Entrepreneurs, with their new business formations and enterprise activities, are important factors on the process of countries' development and growth. Generally, the characteristics of entrepreneurship have been determined as being innovative, risk taker and creative; having vision and capability of flexible working and being focused on higher level of success.

Thus Entrepreneurship plays a very crucial part in the development of the SMEs in India. With revised government policies towards SMEs and constant encouragement from government through various schemes, existing entrepreneurs in the SMEs are motivated to upgrade their organization capabilities. Apart from government regulations and reformed policies there are certain factors which play a very crucial part in forming the entrepreneurs skills and also affects their business performance. These factors can be identified as the internal factors or external factors. External factors constitute of environmental factors, political and other social issues which is not in the hand of an entrepreneur to be controlled, whereas internal factors such as physiological traits and other factors such as technological updates can be controlled and updated according to the changing environment.

In this study we will attempt to identify the factors related to entrepreneurs' interpersonal traits that affect the business performance of SMEs in Odisha. The aim of the study is to understand how entrepreneurs manage their business and the interpersonal traits they should be focusing so as to increase the business performance of their SMEs.

1.2 Entrepreneurship & Entrepreneurial traits

Entrepreneurs, with their new business formations and enterprise activities, are important factor on the process of countries' development and growth. Because entrepreneurship consists of originating, or starting, a company, and management consists of operating an existing company (Zeithaml et al., 1987). Entrepreneurs always take a place in the front row while forming innovations and making the dreams come true. Because entrepreneurship is about creating new realities; transforming ideas into new ventures, and transposing old ideas into new situations (Nicholson & Anderson, 2005). Entrepreneurship focuses on newness and novelty in the form of new products, new process, and new markets as the drivers of wealth creation. The personality characteristics that entrepreneurs have, separate them from ordinary people. Most successful entrepreneurs have a set of characteristics that sets them apart from most other business people- for example, resourcefulness and a concern for good, often personal, customer relations. Most successful entrepreneurs also have a strong desire to their own bosses and enjoy taking risk. Entrepreneurs report a strong need for personal freedom and opportunity. Entrepreneurship can be divided into 3 categories social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship.

It is necessary to co relate the entrepreneurial traits to entrepreneurship because entrepreneurship is a behavior which has the desire of starting new business and carrying on the work and developing it. Beside this, entrepreneurship includes characteristics such as risk taking, autonomy, having control of his own work and having success confidence despite each kind of ambiguity. The most common entrepreneurial traits are:

1.2.1 Locus of control:

It is the extent to which individuals believe they can control events affecting them. The Psychology of successful entrepreneur that they alone can control environment of the firm because they are selfconfident about their skills and knowledge. Chen, Greene, & Crick,(1998) concluded the studies of other researchers and give their words in favor of entrepreneur with greater internal locus of control and regarded him as more successful.

1.2.2 Risk Taking:

Risk taking is completely one's own personal decision in which he is ready to bear loss in form of resources as well in form of capital. According to (Davidsson, 1989) if a person is in desperate condition and has no other choice but to take risk, will take risk till the time of his goals which are at very small scale are achieved and further more he will stop taking risk.

1.2.3 Decision maker:

Entrepreneur should be a strong decision maker because right decision at the right time lead business toward success while on the other hand wrong decisions at wrong time even

right decision at wrong time or wrong decisions at right time may leads total destruction of a business success so decision making should be strong, timely and applicable.

1.2.4 Knowledge:

Entrepreneurs should have many competencies of which one of the important competencies is knowledge of the market or market awareness. As one should have proper knowledge of ups and downs of market which can be directly or indirectly harm or boost the business (Martyn & Peter).

1.2.5 Flexibility:

Entrepreneurs should be flexible by nature because sometimes we have to move forward aggressively in business and sometimes we have to move slowly, so one should be enough flexible so that person could convert him/ her self in every situation (Martyn & Peter).

1.2.6 Need For Achievement:

It is the individual's desire for significant accomplishment, mastering of skills, control, or high standards. (Hansemark, 1998) and (Littiunen, 2000) along with (McClelland) had related need for achievement with entrepreneurship not with entrepreneur success.

1.2.7 Innovativeness:

People are naturally innovators and innovation is a key factor which leads entrepreneur toward success specially in small firms where opportunities often blinks and had to be captured. Michael & Pamela, (1995) states that introducing new technology in products as well as in services is innovation. Further they relates innovation with entrepreneur's attitude and behavior, and also insist that success can also be measured by innovative abilities of entrepreneur.

1.2.8 Self Confidence:

Self confidence is not a determinant of entrepreneurship but when one has become a successful entrepreneur than he feel self confident about himself. (Robinson, Stimpson, 1991) argue about self esteem which they believe is very high in entrepreneurs than others.

1.2.9 Tolerance of Ambiguity:

If the situation is ambiguous or uncertain it requires entrepreneur to respond positively .If limited data is available for any situation and entrepreneur has to take decision on the basis of these scare information and have trust on his decision under uncertainty then it is said that his tolerance for ambiguity is high.

1.2.10 Achievement Orientation:

Achievement orientation is the process of reinvesting the profit into the business. According to (Bashir & Mahmood, 2008) if the person reinvest the largest part of profit in the business for future growth than he is considered to be a successful entrepreneur.

1.2.11 Efficiency in managing enterprises and mobilizing resources:

Calculating the return on investment if the return on investment (ROI) is good. Its mean he/she is managing his/her resources efficiently and generating good profit. If the return on investment is increasing, it's mean that entrepreneur is successful (Niels, Mirjam, & Gerrit, june 2000).

1.2.12 Ability to balance work and ability:

If the entrepreneur has the ability to balance his/ her work and his/ her life equally then it is said that he/ she is a successful entrepreneur.

1.3 Business Performance indicators of SME's

Business performance has a very crucial part in identifying the performance of the SMEs. There are various factor which determine the business performance of an organization. This factors plays an important part for deciding the growth of the SMEs.

The critical indicators for Business performance in SMEs:

- Fulfillment in Business Growth including Achievement of Business Goal.
- Change in Life Standard after the business.
- Development in Personal Income from the earliest starting point of business.
- Change in Income Level when contrasting previously, then after the fact the business.
- Improvement in saving capacity and accumulation of resources from the business.
- Growth on net profit earnings from the business over the past five years.
- Improvement in Return on Investment (ROI) from the business.

- Development in turnover/deals from the business in the course of recent years.
- Development in turnover contrasted with the competitors in the course of recent years.
- Increasing in no. of employees from the beginning of business.
- Level of customer satisfaction related to business activities.
- Increasing the no. of customers from the beginning of business.
- Achievement at business growth by facing the environmental challenge & strong competition.

1.4 Entrepreneurs interpersonal traits & Business Performance

As discussed above about the interpersonal traits and the factors leading to business performance, we will discuss about the five very crucial factors of Entrepreneur traits and five variables from business performance.

The five Interpersonal traits that are important for an Entrepreneur are:

1.4.1 Locus of control:

It is the extent to which individuals believe they can control events affecting them. The Psychology of successful entrepreneur that they alone can control environment of the firm because they are self-confident about their skills and knowledge. Chen, Greene, & Crick, (1998) concluded the studies of other researchers and give their words in favor of entrepreneur with greater internal locus of control and regarded him as more successful.

1.4.2 Risk Taking:

Risk taking is completely one's own personal decision in which he is ready to bear loss in form of resources as well in form of capital. According to (Davidsson, 1989) if a person is in desperate condition and has no other choice but to take risk, will take risk till the time of his goals which are at very small scale are achieved and further more he will stop taking risk.

1.4.3 Need For Achievement:

It is the individual's desire for significant accomplishment, mastering of skills, control, or high standards. (Hansemark, 1998) and (Littiunen, 2000) along with (McClelland) had related need for achievement with entrepreneurship not with entrepreneur success.

1.4.4 Innovativeness:

People are naturally innovators and innovation is a key factor which leads entrepreneur toward success specially in small firms where opportunities often blinks and had to be captured. Michael & Pamela, (1995) states that introducing new technology in products as well as in services is innovation. Further they relates innovation with entrepreneur's attitude and behavior, and also insist that success can also be measured by innovative abilities of entrepreneur.

1.4.5 Tolerance of Ambiguity:

If the situation is ambiguous or uncertain it requires entrepreneur to respond positively .If limited data is available for any situation and entrepreneur has to take decision on the basis of these scare information and have trust on his decision under uncertainty then it is said that his tolerance for ambiguity is high.

1.4.6The five variables for business performance are:

- Satisfaction in Business Growth including Achievement of Business Goals
- Improvement in Life Standard after the business
- Increasing in no. of employees from the beginning of business
- Level of customer satisfaction related to business activities
- Achievement at business growth by facing the environmental challenge & strong competition

1.5 Objectives of the study

The objective of this research is mainly to understand the effects of entrepreneurship and interpersonal networks on increasing overall business performance of SMEs. This study uses Entrepreneurs in Odisha as its sample, in order to quantify the testing of hypothesis and experiments. This study gives an overview of different researches conducted by different authors on interpersonal traits of an entrepreneur and how it affects the business performance of SMEs.

- To identify the personal determinants of entrepreneur which are helpful for the success of the business;
- Impact of each determinant on the success of business.
- To identify the relation between interpersonal traits and business performance.

Hypothesis developed to support the objective:

H1: Need for achievement has positive association with success.

H2: There is positive association between internal locus of control and business success.

H3: Risk Taking has strong positive relation with entrepreneurship success.

H4: Tolerance for ambiguity has direct relationship with business success.

H5: There is positive relationship between innovativeness and business success

H6: Interpersonal Traits has direct relationship with business performance.

1.6 Scope of the study

One of the defining characteristics of a prosperous and growing economy is a flourishing small and medium enterprise (SME) sector. SMEs contribute to economic development in multiple ways, creating employment for expanding rural and urban workforce and providing much needed flexibility and innovation in the economy as a whole, No doubt there is a lot of work has been done on this sector but still the SME sector in Odisha is facing a very significant failure rate, round about 90-95 percent business fails in initial stages. The previous work of researcher is insufficient to uncover the reasons and suggests ways to improve.

The most common reason of failure is lack of managerial/entrepreneurial characteristics. In Odisha there is no concept of training and education before starting business and it becomes a real cause of failure.

This study is helpful to demolish this traditional concept and to present a synthesis model of entrepreneur characteristics which are helpful to reduce failure rate.

1.7 Chapterization summary

The report is divided into five chapters, the first chapter gives the brief idea about the project, which is divided into project rationale, its scope and objective, a brief introduction about entrepreneurship and entrepreneur traits, with explaining the critical factors for business performance. The roles of SMEs are briefly explained in economic development, with that of various government support and policies framed for SMEs development. To demonstrate the relationship between entrepreneurship interpersonal traits and business performance six hypotheses have been taken which relates each factor of interpersonal traits with the business performance.

The second chapter deals with the literature review where entrepreneurial traits and business performance are briefly explained, with significance on SMEs and government policies to help small industries and their role in the economic development. Various schemes that are being generalized for entrepreneurs for the upliftment of SMEs in India. Different interpersonal traits of an entrepreneur, and the most important traits to follow to increase the business performance of SMEs. With this all the critical factors of business performance are taken into consideration, from that 5 most critical factors which are necessary for business performance are used for our research.

The third chapter deals in what kind of research the study follows, with the sampling technique chosen for the study, the questionnaire and what kind of population were involved in the research. Entrepreneur having their SMEs in Odisha for more than 10 years were considered as our sample population. A structured questionnaire is circulated among those entrepreneurs which consists of 25 5-point likert scale questions. Industries taken under consideration were, rice and grinding mill, manufacture of bakery products, sponge iron manufactures, jute mill owners, chemical manufactures, packaged drinking water and soft drink manufacturers, Manufacture of Stone Quarrying, Clay and Sand pits.

The fourth chapter will discuss about the sample analysis and its impact on the study. Kind of analysis done and what were the various factors taken to know the validity of the study. Thus developing answers to prove our hypothesis. The Cronbach's alpha was used as part of the analysis because it has been a common method for assessing the measure of reliability of entrepreneurship in organizations. Therefore reliability test was conducted to check random errors. Questionnaire was tested by using factor analysis on SPSS 20.0. reliability test was done for each factor to test its acceptance. After the reliability test, regression was done to obtain a relationship between interpersonal traits (Independent) and business performance (Dependent)

The fifth chapter throws light on findings from the research, suggestions for entrepreneurs and limitations faced during the study and what will be the future scope of the study.

2. REVIEW OF LITERATURE

This study gives an overview of different researches conducted by different authors on personal determinants of entrepreneur. In this study the personal determinants of an entrepreneur which are important for the success of a business are discussed. There is need to explore the personal characteristics of an entrepreneur. The study includes personal determinants of an entrepreneur which influence the success of a business and are classified in Demographic, Psychographic and other variables. These categories have comprises different variables which play a momentous role for the success of a business.

2.1 Entrepreneurs interpersonal traits

2.1.1 Demographic

Age:

Age is very controversial factor at which almost all researchers have different opinions like (Rose, 2006) relates age with business success positively while (Niels, Mirjam, & Gerrit, June 2000) relates age positively with knowledge rather than the business success.

- The peoples upto age 24 usually did not feel positive indicator to start as an entrepreneur.
- They argue that willingness decreases as the entrepreneur grow old but opportunities increase with the increasing age.

Education:

Education is an important personal factor that entrepreneur is required for making a business successful. Education is the factor at which almost all researchers nearly have same view with minor addition like (Niels, Mirjam, & Gerrit, June 2000) believes that to make business successful, entrepreneurs required education as a personal factor. Ajay, Archana, Arup, & Lucky, (2008) relates education with entrepreneurs success significantly. Rose, (2006) has compared educated entrepreneurs with non educated entrepreneurs and gives opinion that educated entrepreneurs have great chance of success. Hence creative education leads entrepreneur to high level of success while the entrepreneurs with standardized educational experiences have low level of entrepreneurship.

Gender:

Arnold & Kendall, (1995) are the only who believes that gender has no influence on expectations but on the other hand they believe also that female entrepreneurs have higher level of satisfaction. All the other researchers seems to be more realistic like (Roy & Isabel) believes that males can engage themselves in entrepreneurship in a better way. Again (Reynold, Bygrave, Autio, Cox, & M, 2002) support the idea of (Roy & Isabel) that women are 50 % less likely to involve in entrepreneurship as compared to male. According to them the situation in third world countries is totally opposite, there women are very keen to seem self employed because mostly in developing countries women labor force is at very low level. Women are also very keen for best living standard of their families and they are struggling to become an entrepreneur.

Experience:

The entrepreneur must have experienced in the following fields

- Experience in the sector
- Experience in the trade
- Experience as an employee
- Experience in self-employment
- Financial experience
- Family experience

If a person has these experiences it will help him to become a successful entrepreneur (Niels, Mirjam, & Gerrit, june 2000).

Overall we can conclude that experience contributes much in business success, but experience must be in relevant field.

Family Background:

Niels, Mirjam, & Gerrit, (june, 2000) collectievely states that many persons have become entrepreneurs because of their parents who were also self employed, so family background has a positive impact on entrepreneur's success. Thus family background with business success positively but in a condition that encouragment by the family shall be there to ignitiate the child.

Hence we can say that:

- The person who has been brought up in a luxurious life style has low level of entrepreneurship.
- On the other hand the person who had faced number of hardships in his early life could have high level of entrepreneurship.

2.1.2 Physiological Variables:

1. Locus of control:

It is the extent to which individuals believe they can control events affecting them. The Psychology of successful entrepreneur that they alone can control environment of the firm because they are selfconfident about their skills and knowledge. Chen, Greene, & Crick,(1998) concluded the studies of other researchers and give their words in favor of entrepreneur with greater internal locus of control and regarded him as more successful.

2. Risk Taking:

Risk taking is completely one's own personal decision in which he is ready to bear loss in form of resources as well in form of capital. According to (Davidsson, 1989) if a person is in desperate condition and has no other choice but to take risk, will take risk till the time of his goals which are at very small scale are achieved and further more he will stop taking risk.

3. Decision maker:

Entrepreneur should be a strong decision maker because right decision at the right time lead business toward success while on the other hand wrong decisions at wrong time even right decision at wrong time or wrong decisions at right time may leads total destruction of a business success so decision making should be strong, timely and applicable.

4. Knowledge:

Entrepreneurs should have many competencies of which one of the important competencies is knowledge of the market or market awareness. As one should have proper knowledge of ups and downs of market which can be directly or indirectly harm or boost the business (Martyn & Peter).

5. Flexibility:

Entrepreneurs should be flexible by nature because sometimes we have to move forward aggressively in business and sometimes we have to move slowly, so one should be enough flexible so that person could convert him/ her self in every situation (Martyn & Peter).

6. Need For Achievement:

It is the individual's desire for significant accomplishment, mastering of skills, control, or high standards. (Hansemark, 1998) and (Littiunen, 2000) along with (McClelland) had related need for achievement with entrepreneurship not with entrepreneur success.

7. Innovativeness:

People are naturally innovators and innovation is a key factor which leads entrepreneur toward success specially in small firms where opportunities often blinks and had to be captured. Michael & Pamela, (1995) states that introducing new technology in products as well as in services is innovation. Further they relates innovation with entrepreneur's attitude and behavior, and also insist that success can also be measured by innovative abilities of entrepreneur.

8. Self Confidence:

Self confidence is not a determinant of entrepreneurship but when one has become a successful entrepreneur than he feel self confident about himself. (Robinson, Stimpson, 1991) argue about self esteem which they believe is very high in entrepreneurs than others.

9. Tolerance of Ambiguity:

If the situation is ambiguous or uncertain it requires entrepreneur to respond positively .If limited data is available for any situation and entrepreneur has to take decision on the basis of these scare information and have trust on his decision under uncertainty then it is said that his tolerance for ambiguity is high.

10. Achievement Orientation:

Achievement orientation is the process of reinvesting the profit into the business. According to (Bashir & Mahmood, 2008) if the person reinvest the largest part of profit in the business for future growth than he is considered to be a successful entrepreneur.

11. Efficiency in managing enterprises and mobilizing resources:

Calculating the return on investment if the return on investment (ROI) is good. It means he/she is managing his/her resources efficiently and generating good profit. If the return on investment is increasing, it means that entrepreneur is successful (Niels, Mirjam, & Gerrit, June 2000).

12. Ability to balance work and ability:

If the entrepreneur has the ability to balance his/ her work and his/ her life equally then it is said that he/ she is a successful entrepreneur

2.2 Business Performance

Business performance is determined by the response of the environment (i.e., market) to the actions of the entrepreneurs. Differently stated, the business will perform well if there is a demand for the products or services offered by the business. Therefore, business performance is depending on entrepreneurial performance and the action of both the internal (e.g., the personnel's reaction to different decisions) and external environment (e.g., changes in customer relations). In this model, entrepreneurial performance is distinct from business performance. An entrepreneur can be performing highly, but his or her business performs poorly because of unforeseen events or events not controllable by the entrepreneur. For example, an entrepreneur may wish to expand his or her business, but the competition is too intensive, or expansion is hindered by a political decision. Differently stated, an entrepreneur can never control all factors determining business performance, and therefore it is more logical to define entrepreneurial performance as the specific tasks that can be or should be controlled. Business performance is here either measured as the ability to survive or to grow. Growth is seen as a direct indication of entrepreneurship. Survival is not sufficient as an entrepreneurship indicator, but it is an indicator of durability on the market.

2.3 SMEs

SME's are defined differently in different parts of the world. Some use terms of assets, while others use employment, sales or shareholders funds as criteria to define SMEs.

Manufacturing Enterprises – Investment in Plant & Machinery		
Description	INR	USD(\$)
Micro Enterprises	upto Rs. 25Lakhs	upto \$ 62,500
Small Enterprises	above Rs. 25 Lakhs &upto Rs. 5 Crores	above \$ 62,500 &upto \$ 1.25 million
Medium Enterprises	above Rs. 5 Crores&upto Rs. 10 Crores	above \$ 1.25 million &upto \$ 2.5 million

Service Enterprises – Investment in Equipments		
Description	INR	USD(\$)
Micro Enterprises	upto Rs. 10Lakhs	upto \$ 25,000
Small Enterprises	above Rs. 10 Lakhs &upto Rs. 2 Crores	above \$ 25,000 &upto \$ 0.5 million
Medium Enterprises	above Rs. 2 Crores&upto Rs. 5 Crores	above \$ 0.5 million &upto \$ 1.5 million

Table 2.3Source: eisbc.org

We will take medium enterprise as our area of research, because our main focus is to study the failure rate of medium enterprise within its inception stages and why it happens, and what are the basic traits an entrepreneur should have to sustain his/her organization.

2.3.1 Formation of SMES in India

Formation of SMES in India is governed by MSMED Act 2006. The registration under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is for aiding the promotion, development and improving the competitiveness of Micro, Small and Medium enterprises. Registration of a firm under the Act is a means to avail the benefits available to SMEs like easy finance availability from Banks, preference in acquiring Government tenders, stamp duty and octroi benefits, concession in electricity bills, timely receipt of payments from the buyers or debtors, reimbursement of ISO Certification expenses and so on. All sectors and classes of enterprises, whether Trading, Hindu undivided family, Service or Manufacturing, , Co-operative society, Partnership firm Proprietorship, Association of persons, Company or Undertaking, can apply for the registration and get qualified for the benefits provided under the Act.

2.3.2 Importance of SME'S

The contribution of the Small and medium enterprises (SME's) to the economic growth of a nation is well acknowledged. In developing countries, as some authors argue (Leutkenhorst, 2004) the contribution of SME's towards employment generation is significant because they • use more labour intensive production processes than large enterprises, leading to increase in employment and more equitable income distribution.

- Provide livelihood opportunities through simple, value adding processing activities in agriculturally based economies.
- Promote entrepreneurship.
- Support the building up of productive capacities and the creation of strong economic systems, through linkages between small and large enterprises

2.3.3 The SMEs in India: Present Scenario

In the recent past, small companies have shown better performance than their larger counterpart. Between 2001-06, net companies with net turnover of Rs. 1 crore – 50 crore had a higher growth rate of 701 per cent as compared to 169 per cent for large companies with turnover of over Rs. 1,000 crore (Business World Jan. 2007). The total SSI production, reached the all time high of Rs. 1,89,200 crores in 1989-90 but dropped significantly in the next 10 years and only in 2001- 02 the level of production improved. But after 2002, the production has risen rapidly. Since 2000, there is a uninterrupted increase in number of units, employment, production and in exports. The average annual growth in the number of units was around 4.1%.

Today, some of the SMEs are also acquiring companies in foreign countries as part of their growth strategy and globalization process. Mostly, these units are export oriented and are ancillaries. The SME sector have changed and adapted to the need of large local manufacturers and suppliers to global manufacturers like Auto Industry. Today some SMEs are also investing in R&D in order to survive and excel in this global economy. Outsourcing from foreign companies has played a crucial role in the emergence of Indian SMEs as world leaders in particular products. The advantages in labour-intensive manufacturing units, lower transport costs, lower labour costs and easy labour policies of the SMEs have led to major outsourcing in manufacturing and services. The SME's alone contribute to 7% of India's GDP. The third All India Census of Small Scale industries conducted in 2012, revealed that the number of SME's have increased from about 80,000 units in 1940's to about 10.52 million units in 2012. The statistics show that they produce about 7500 products including high technology products and their employment is about 25 million. In the garments sector and sports goods their contribution to exports is as high as 90% to 100%. They constitute 90% of the industrial units in the country and also contribute to about 35% of India's exports. (Pandey, 2014)

2.3.4 Government initiatives in Medium Scale Enterprises

To help **Medium Scale Enterprises** in exporting their products, the following facilities/incentives are provided:

- Products of medium enterprises exporters are displayed in international exhibitions and the expenditure incurred is reimbursed by the Government.
- To acquaint medium enterprises exporters with latest packaging standards, techniques, etc., training programme on packaging for exporters are organized in various parts of the country in association with the Indian Institute of Packaging.
- Under the medium enterprises Marketing Development Assistance (MDA) Scheme, assistance is provided to individual for participation in overseas fairs/ exhibitions, overseas study tours, or tours of individual as member of a trade delegation going abroad.
- The scheme also offers assistance for sector specific market study by medium enterprises Associations/ Export Promotion Council / Federation of Indian Export Organization.
- Initiating / contesting anti-dumping cases by medium enterprises Associations. and Reimbursement of 75 percent of the one time registration fee and annual fee (recurring for first three years) charged by GSI India (formerly EAN India) for adoption of Bar Coding.

2.3.5 Various organizations for assisting Small and Medium Entrepreneurs

Various organizations have been set up by the Central and State governments and banks to support the development of the small scale enterprises . The main organizations are as follows : –

I. Central Government

- National Board for Micro , Small and Medium Enterprises .
- Small Industries Development Organization (SIDO) .
- Micro , Small and Medium Industries Services Institute .
- National Small Industries Corporation Limited .(NSIC).
- National Institute for Micro , Small and Medium Enterprises (NIMSME).
- Entrepreneurship Development Institute of India .

II . State Government

- District Industries Centers (DIC)
- State Financial Corporations (SFCs)
- State Industrial Development Corporations/ State Industrial Investment Corporations(SIDC/SIIC)
- State Small Industries Development Corporation (SSIDC)
- Khadi and Village Industries Commission (KVIC).

III . Financial Institutions / Banks

- Small Industries Development Bank of India (SIDBI)
- Commercial Banks .
- Regional Rural Banks
- Cooperative Banks
- National Bank for Agriculture and Rural Development (NABARD)

IV . Organizations promoted by the Government/ Banks/ Financial Institutions

- Technical Consultancy Organization in various states.
- India SME Technology Services Ltd.
- SIDBI Venture Capital Ltd.
- Credit Guarantee Fund Trust for Micro and Small Industries
- India SME Asset Reconstructing Company (ISARC).

V . Industry Associations

- Consortium of Women Entrepreneurs in India (CWEI)
- Confederation of Indian Industry
- Federation of Indian Chamber of Commerce and Industries (FICCI)
- Associated Chamber of Commerce and Industries in India (ASSOCHAM)
- World Association of Small and Medium Enterprises (WASME)
- Federation of Association of Small Scale Industries (FASSI)

2.3.6 Technology up – gradation for Medium Scale Industries

The Government of India has decided to continue the following 4 schemes during the 11th Plan period (2007–2012) to assist medium scale industries for technology up – gradation .

- Credit Linked Capital Subsidy Scheme for Technology UP–gradation of Small Industries (CLCSS).
- Technology Up–gradation Fund Scheme (TUFS) for Textile and Jute Industry .
- Scheme of Technology Up– gradation / Setting – up / Modernization / Expansion of Food Processing Industries .
- Integrated Development of Leather Sector Scheme (IDLSS).

2.3.7 Problems of Medium Enterprises

Medium Enterprises face problems relating to project implementation, production, marketing, finance, administration etc. The identified problems may be summarized as: –

I . Problems relating to Project Implementation

- Non– availability of land at the selected site .
- Non– availability/ difficulty in procuring construction materials like cement steel etc.
- Delay in delivery of machines
- Difficulties/delay in tying up financial arrangements with other financial institutions and banks .
- Inability of the promoters to bring in funds to the extent proposed.
- Delay in disbursement of assistance due to non– compliance of the major terms and conditions of the loan agreement.
- Delay in getting power connection , water connection , permission of concerned authorities to discharge effluents , etc .
- Changes in certain project concepts due to subsequent detailed advice received from collaborators/ consultants .
- Increase in project cost under different heads due to price escalation , underestimation of cost , etc.
- Siphoning of funds by the promoters from the project by unfair practices .

II . Problems relating to Production

- Non– availability of raw materials or increase in the price of raw materials without a corresponding increase in sale price of the products.
- Non– availability of important infrastructure facilities like power , water , transport etc.
- Unsatisfactory performance of certain machines resulting in low production due to lack of routine and preventive maintenance leading to frequent breakdown .
- Lack of coordination between marketing and production planning .
- Obsolescence of the manufacturing process following technological development.

III . Problems relating to Marketing

- Introduction of better substitutes .
- Entry of many new manufacturers leading to cut–throat competition .
- Dependence of the unit on one buyer/ very few buyers .
- Poor quality of products.
- Lack of sales promotion.
- Poor delivery schedules and lack of proper distribution system.

IV . Problems relating to Finance

- Low promoters contribution .
- High debt– equity ratio leading to high interest burden .
- Inadequate bank finance .
- Lack of proper follow up action for realization of debts .
- Lack of proper planning to pay creditors .
- Diversion of working capital funds for acquisition of fixed assets .

V . Problems relating to Management

- Dissension within the management .
- Absence of man power planning .
- Poor industrial relations .

- Lack of coordination and control .

3. RESEARCH METHODOLOGY

The purpose of the study was to investigate the **Entrepreneurs' Interpersonal Traits and its Effect on Business Performance**, as we know SMEs contribute in the economic development Measurement items for assessing independent and dependent variables were previously tested and used in past studies. Survey approaches were used for research and questionnaire has been used as a research instrument Independent variables and interviews with the entrepreneurs three different types of personal characteristics of an entrepreneur were identified.

- Demographic
- Psychographic

3.1 Sampling

Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen.

There are different sampling techniques available to study the desired population and get the desired data for sampling.

3.1.1 The most common sampling techniques can be defined as:

1. Probability sampling: it is the one in which each sample has the same probability of being chosen.
2. Purposive sampling: it is the one in which the person who is selecting the sample is who tries to make the sample representative, depending on his opinion or purpose, thus being the representation subjective
3. No-rule sampling: we take a sample without any rule, being the sample representative if the population is homogeneous and we have no selection bias.

We will always make probability sampling, because in case we choose the appropriate technique, it assures us that the sample is representative and we can estimate the errors for the sampling.

There are different types of probability sampling:

- Random sampling with and without replacement.

When a population element can be selected more than one time, we are sampling with replacement. When a population element can be selected only one time, we are sampling without replacement.

- Stratified sampling.

If population density varies greatly within a region, stratified sampling will ensure that estimates can be made with equal accuracy in different parts of the region

- Cluster sampling.

Cluster sampling is a sampling technique used when "natural" but relatively homogeneous groupings are evident in a statistical population. It is often used in marketing research. In this technique, the total population is divided into these groups (or clusters) and a simple random sample of the groups is selected.

- Systematic sampling.

Systematic sampling is a statistical method involving the selection of elements from an ordered sampling frame. The most common form of systematic sampling is an equal-probability method.

- Convenience Sampling

A statistical method of drawing representative data by selecting people because of the ease of their volunteering or selecting units because of their availability or easy access.

The advantages of this type of sampling are the availability and the quickness with which data can be gathered. The disadvantages are the risk that the sample might not represent the population as a whole, and it might be biased by volunteers.

3.1.2 Steps in Sampling Process

1. Define the population

It addresses the question “Ideally, who do you want to survey?” i.e. those who have the information sought. What are their characteristics? Who should be excluded? – age, gender, product use, those in industry – Geographic area It involves – defining population units – setting population boundaries – Screening (e.g. security questions, product use)

2. Identify the sampling frame

Obtaining a “list” of population (how will you reach sample)

Problems with lists

3. Select a sampling design or procedure

Probability sampling: equal chance of being included in the sample (random)

- Simple random sampling
- Systematic sampling
- Stratified sampling
- Cluster sampling

Non-probability sampling: unequal chance of being included in the sample (non-random)

- Convenience sampling
- Judgment sampling
- Snowball sampling
- Quota sampling

4. Determine the sample size

5. Draw the sample

3.1.3 Sampling error:

Random Sampling Error

Random error- the sample selected is not representative of the population due to chance

- The level of it is controlled by sample size
- A larger sample size leads to a smaller sampling error.

The basic types of non-sampling error

- Non-response error
- Response or data error

A non-response error occurs when units selected as part of the sampling procedure do not respond in whole or in part

If non-respondents are not different from those that did respond, there is no non-response error

A response or data error is any systematic bias that occurs during data collection, analysis or interpretation

- Respondent error (e.g., lying, forgetting, etc.)
- Interviewer bias
- Recording errors
- Poorly designed questionnaires

We are going to use Convenience sampling for our data collection as we are focusing on Entrepreneur having Medium scale Industries in Rourkela.

3.2 Sample size:

As our target population is Entrepreneurs from Rourkela having their SMEs for more than 10 years. So we have selected a sample of 50 small and medium enterprises from a population of 150 Small and medium enterprises on the basis of which the result will be generalized.

3.3 Population

A population is the total of all the individuals who have certain characteristics and are of interest to a researcher.

Composed of two groups - target population & accessible population

- Target population (universe)
The entire group of people or objects to which the researcher wishes to generalize the study findings.
- Accessible population
The portion of the population to which the researcher has reasonable access; may be a subset of the target population.

The aim of the study was to identify the **Entrepreneurs' Interpersonal Traits and its Effect on Business Performance** so, all small and medium enterprises of Rourkela are our target population there are 150 small and medium enterprises in Rourkela which is our target population.

3.4 Data Collection

The process by which the researcher collects the information to answer the research problem.

Data are of two types:

Secondary data is the data that have been already collected and recorded by someone else and readily available from other sources.

Primary data are gathered by researcher and usually done by survey research

3.4.1 Purpose of secondary data

- Extracting the relevant information from other sources, previous studies
- Fact findings: Descriptive information to support research
- Model Building: specifying relationship between two or more variables
- Data mining : Exploring data through computer . Using computer technology to go through volumes of data to discover trends about an organization's sales customers and products. IT is primarily used
- Identifying the relevant sources To avoid plagiarism

3.4.2 Primary data can be of types:

- Qualitative
- Quantitative

Types of qualitative data

- In depth/unstructured interviews
- Semi-structured interviews
- structured interview questionnaires containing substantial open comments
- Focus group
- Unstructured or semi-structured diaries
- Observation field notes/technical fieldwork notes
- Kinship diagrams/other anthropological material
- Case study notes
- Personal documents (e.g. letters, personal diaries, correspondence)
- Press clippings
- Photographs or any other type of visual material

Quantitative data Survey

- A research technique for collecting primary data based on communication with respective sample of individuals/group of people
- Survey objectives: The type of information gathered depending on the survey 's objectives
- Respondent: The person who answers interview questions
- Sample survey: Representative sample of the target population Advantages of survey
- Accurate results valuable
- Quick, Inexpensive, efficient accurate

Data was collected by the structured questionnaire and interviews. Collected data has been presented in the form of tables and graphs, making it easier to understand the pattern and the personal determinants that play a key role for the success of SMEs. In primary source questionnaire was used as research instrument.

3.5 Questionnaire survey:

For the questionnaire survey, a sample of 86 small scale industries was decided from the industries which were registered before 2003 in SME Department, Odisha. According to the Rourkela SME Department there are 150 small scale industries were functioning as at 31.12.2012. From the 150 industries 86 industries were selected as sample. In addition to getting information about profiles of enterprise 25 questions asked to get information related to performance indicators. Questionnaires were distributed with, confidentiality of information assured to the respondents. Subjective measures were used to measure the organizational performance in this study.

Using a 5-point Likert scale, respondents were asked to indicate the extent to which they fully satisfactory or unsatisfactory with each item. The responses range from 1 (unsatisfactory) to 5 fully satisfactory.

3.6 Limitations

- The research was conducted in particular geographical area.
- As the Research was conducted in Rourkela, so the responses generated by the Entrepreneurs seems not realistic because of they do not have enough information about some variable of interest.

- The sample size selected was small so it may also affect the generalizability of a research
- Limited time to conduct a thorough and suspicious research. So its a chance that some of the factors may be ignored or not discussed in detail.
- The data was collected through convenience sampling, because of easily availability of data and less expensive research it's a chance that results may cause sampling errors which affect the generalizability of research.

4. DATA ANALYSIS AND DATA INTERPRETATION

The purpose of analysing data is to obtain usable and useful information. The analysis, irrespective of whether the data is qualitative or quantitative, may:

- Describe and summarise the data
- Identify relationships between variables
- Compare variables
- Identify the difference between variables
- Forecast outcomes

4.1 Scale:

A numerical scale is where numbers represent the possible response categories there is a natural ranking of the categories zero on the scale has meaning there is a quantifiable difference within categories and between consecutive categories.

4.2 Demographic analysis

Demographic analysis includes the sets of methods that allow us to measure the dimensions and dynamics of populations.

VARIABLE	DESCRIPTION	FREQUENCY	PERCENTAGE
Gender	Male	68	100
	Female	0	0
Age	25-30 Years	13	19.11
	31-40 Years	22	32.35
	41-50 Years	25	36.76
	51-60 Years	8	11.76
Type of business	Proprietor	0	0
	Partnership	13	19.11
	Private limited	55	80.88
Education	Graduate	62	91.17
	Masters	6	.89
Marital status	Single	13	19.11
	Married	55	80.99

Table 4.2.1 Demographic variables

Industries	Population	Sample selected	No.of respondent	No.of not respondent	Sample rate(%)
Production of Iron & other related material	49	25	21	4	51.02
Manufacture of Agricultural Machinery Products, Lathe and Welding work	27	18	14	4	66.66`
Manufacture of Soft Drinks Products	3	3	3	0	100
Rice and Grinding Mill	8	3	2	1	37.50
Manufacture of Stone Quarrying, Clay and Sand pits	19	12	9	3	63.15
Printing Works and Communication	16	9	7	2	56.25
Garage, Repairing works & Service station	21	11	8	3	52.38
Chemicals and related items	7	5	4	1	71.42
Total	150	86	68	18	62.29

Table 4.2.2 Population and sample profile

In the selected sample only 68 entrepreneurs had responded.

4.3 Analysis

In this research there are 6 factors, 5 factors relate to interpersonal skills and 1 factor is for business performance which is dependent upon interpersonal traits of an entrepreneur. Five factors can be describe as locus of control, risk taking, need of achievement, innovativeness, tolerance of ambiguity.

4.3.1 Reliability analysis

Reliability means that a measure (or in this case questionnaire) should consistently reflect the construct that it is measuring. Reliability as the extent to which there result are consistent over times and an accurate representation of the total population under study is to referred to as reliability and if the result of a study can

be reproduced under a similar methodology and then the research instrument is considered to be reliable.

Kline (1999) notes that although the generally accepted value of .8 is appropriate for cognitive tests such as intelligence tests, for ability tests a cut-off point of .7 is more suitable. Cortina (1993) notes that such general guidelines need to be used with caution because the value of α depends on the number of items on the scale. Where α includes the number of items squared. Therefore, as the number of items on the scale increases, α will increase. Therefore, it's possible to get a large value of α because you have a lot of items on the scale

In this we have taken all 25 variable which has 5 factor of interpersonal traits of an entrepreneur and the dependent variable which is the business performance factor.

Reliability Statistics	
Cronbach's Alpha	N of Items
.888	25

Table 4.3.1 Reliability analysis

It has been found that Cronbach alpha is .888 .In this all 25 variable are taken and reliability test is being conducted and the result it showed that Cronbach alpha is .888 that means the data is 89.8 % of the variability in composite score is considered to be internally reliable variance.

4.3.2 Factor Analysis

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors

Factor analysis is basically used for data reduction purposes:

1. To get a small set of variables preferably correlated) from a large set of variables (most of which are correlated to each other)
2. To create indexes with variables that measure similar things (conceptually).

The construct validity was determined using principal components analysis with Varimax rotation method.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.075	28.298	28.298	7.075	28.298	28.298	3.501	14.005	14.005
2	3.423	13.694	41.992	3.423	13.694	41.992	3.395	13.581	27.586
3	1.837	7.347	49.340	1.837	7.347	49.340	3.268	13.072	40.658
4	1.761	7.042	56.382	1.761	7.042	56.382	2.752	11.009	51.667
5	1.491	5.963	62.345	1.491	5.963	62.345	2.669	10.678	62.345
6	1.316	5.265	67.610						
7	.949	3.796	71.406						
8	.832	3.328	74.734						
9	.785	3.139	77.873						
10	.752	3.009	80.882						
11	.637	2.547	83.430						
12	.606	2.422	85.852						
13	.569	2.275	88.127						
14	.471	1.885	90.013						
15	.400	1.600	91.613						
16	.366	1.464	93.076						
17	.347	1.388	94.464						
18	.278	1.111	95.575						
19	.227	.908	96.484						
20	.209	.837	97.321						
21	.175	.702	98.022						
22	.159	.636	98.659						
23	.136	.543	99.202						
24	.111	.442	99.644						
25	.089	.356	100.000						

Extraction Method: Principal Component Analysis.

Table 4.3.2 Total variance

SPSS has identified 25 linear components within the data set (we know that there should be as many eigenvectors as there are variables). The eigenvalues associated with each factor represent the variance explained by that particular linear component and SPSS also displays the eigenvalue in terms of the percentage of variance explained factor 1 explains 28.298% of total variance.

The first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance SPSS then extracts all factors with eigenvalues greater than 1, which leaves us with five factors.

The eigenvalues associated with these factors are again displayed (and the percentage of variance explained) in the columns labelled Extraction Sums of Squared Loadings. The values in this part of the table are the same as the values before extraction, except that the values for the discarded factors are ignored.

In the final part of the table (labelled Rotation Sums of Squared Loadings), the eigenvalues of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for these data is that the relative importance of the five factors is equalized

Before rotation, factor 1 accounted for considerably more variance than the remaining five (28.298%, 11.286%, 13.694%, 7.347%, 7.042%, and 5.963%) but after extraction it accounts for only 14.005% of variance (compared to 12.287, 13.581, 13.072, 11.009, and 10.678% respectively).

4.3.3 Rotated Component Matrix

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
V1	.590				
V2	.693				
V3	.690				
V4	.524				
V22	.526				
V5		.785			
V6		.631			
V7		.781			
V8		.584			

V9		.715			
V24		.772			
V10			.535		
V11			.505		
V12			.548		
V13			.507		
V21			.748		
V14				.513	
V15				.601	
V16				.832	
V17				.716	
V23				.689	
V18					.634
V19					.678
V20					.796
V25					.579

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Table 4.3.3 Rotated Component Matrix

The Rotated Component Matrix shows you the factor loadings for each variable. In this research there are total of 5 predefined factor we have taken.

In the factor analysis we can see that in the first factor there are V1, V2, V3, V4, V22 are variables of locus of control which have a direct relationship with the business performance indicator that is V22. In the second factor V5, V6, V7, V8, V9, V24 are there for tolerance of ambiguity, but V9 is the variable from need of achievement, thus we can say that V9 holds a resemblance of Tolerance of ambiguity in entrepreneurs mind. V24 holds direct relationship with Tolerance of ambiguity. In the third factor V10, V11, V12, V13, V21 combines to form the factor Need of achievement, but V13 represents risk taking ability rather than need of achievement, thus we can say that this factor is a important factor for Need of achievement. In the fourth factor V14, V15, V16, V17, V23 are variables that form risk taking factor but V17 is a variable of innovativeness and V23 shows as the relationship between business performances. From this we can say that risk taking

and innovativeness goes hand by hand. Fifth factor is the last factor which is Innovativeness, thus having V18, V19, V20, V25. V25 shows entrepreneur preference of variables that measure the business performance.

Thus we can say that all the factors have direct relationship with the business performance variables.

4.3.4 Correlation

The Pearson product-moment correlation coefficient is a measure of the strength of the linear relationship between two variables. It is referred to as Pearson's correlation or simply as the correlation coefficient. If the relationship between the variables is not linear, then the correlation coefficient does not adequately represent the strength of the relationship between the variables.

Correlations

		V21	V22	V23	V24	V25	V26
V21	Pearson Correlation	1	.495**	.476**	.337**	.054	.737**
	Sig. (2-tailed)		.000	.000	.005	.663	.000
	N	67	67	67	67	67	67
V22	Pearson Correlation	.495**	1	.375**	.164	.047	.661**
	Sig. (2-tailed)	.000		.002	.185	.706	.000
	N	67	67	67	67	67	67
V23	Pearson Correlation	.476**	.375**	1	.224	.137	.734**
	Sig. (2-tailed)	.000	.002		.069	.268	.000
	N	67	67	67	67	67	67
V24	Pearson Correlation	.337**	.164	.224	1	-.022	.533**
	Sig. (2-tailed)	.005	.185	.069		.857	.000
	N	67	67	67	67	67	67
V25	Pearson Correlation	.054	.047	.137	-.022	1	.424**
	Sig. (2-tailed)	.663	.706	.268	.857		.000
	N	67	67	67	67	67	67

V26	Pearson Correlation	.737**	.661**	.734**	.533**	.424**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	67	67	67	67	67	67

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.3.4 Correlation

INTERPERSONAL TRAITS OF AN ENTREPRENEUR AND BUSINESS PERFORMANCE INDICATOR

- **Need of achievement and business performance**

The output also shows that need for achievement is positively related to the business performance, with a coefficient of

$r = .737$, which is also significant at $p < .001$

So hypothesis H1 is proved.

H1: Need for achievement has positive association with success.

- **Locus of control and business performance**

The output also shows that locus of control is positively related to the business performance, with a coefficient of

$r = .661$, which is also significant at $p < .001$

So hypothesis H2 is proved.

H2: There is positive association between internal locus of control and business success.

- **Risk taking and Business performance**

The output also shows that locus of control is positively related to the business performance, with a coefficient of

$r = .734$, which is also significant at $p < .001$

So hypothesis H3 is proved.

H3: Risk Taking has strong positive relation with entrepreneurship success.

- **Tolerance of ambiguity and business performance**

The output also shows that locus of control is positively related to the business performance, with a coefficient of

$r = .533$, which is also significant at $p < .001$
So hypothesis H4 is proved.

H4: Tolerance for ambiguity has direct relationship with business success.

- **Innovativeness and business performance**

The output also shows that locus of control is positively related to the business performance, with a coefficient of $r = .533$, which is also significant at $p < .001$
So hypothesis H4 is proved.

H5: There is positive relationship between innovativeness and business success

Hence we can see that all the factors have a positive relationship between interpersonal traits and business performance. Hence hypothesis H6 is proved.

H6: Interpersonal Traits has direct relationship with business performance.

4.3.5 REGRESSION

In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modelling and analysing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Linear regression attempts to model the relationship between two variables by fitting a linear equation to observed data. One variable is considered to be an explanatory variable, and the other is considered to be a dependent variable. For example, a modeller might want to relate the weights of individuals to their heights using a linear regression model.

Linear regression line has an equation of the form $Y = a + bX$, where X is the explanatory variable and Y is the dependent variable.

A stepwise multiple regression analysis was conducted to determine the most effective predictors of business performance in SMEs.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
-------	---	----------	-------------------	----------------------------

1	.802 ^a	.644	.614	.385
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a. Predictors: (Constant), V25, V24, V22, V23, V21

Table 4.3.5 regression model

This table provides the value of R and R square for the model that has been derived, R has a value of .802 which have predictor Constant such as V21, V22, V23, V24, V25 which has a direct impact on Interpersonal traits of an entrepreneur of an SMEs and this value represents the correlation between Constant and Interpersonal traits of an entrepreneur of an SMEs. The value of R square is .644 which tells us that V21, V22, V23, V24, V25 can account for 64.4 % of the variation in business performance . This means that interpersonal traits plays as important role as much as 64.4% in business performance.

However it doesn't tell us about the individual contribution of variables in the model. The next table provides details of the model parameters (the beta values) and the significance of these values.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	-.191	.143	
V21	.029	.023	.283
V22	.143	.017	.317
V23	.180	.018	.363
V24	.125	.032	.312
V25	.339	.038	.351

a. Dependent Variable: V26

Table 4.3.6 Coefficients

- Outcome_i = (model) + error_i
- Factor_i = b₁Variable_{1i} + b₂Variable_{2i} + . . . + b_nVariablen_i + ε_i

- Y is the outcome variable, b1 is the coefficient of the first predictor (X1), b2 is the coefficient of the second predictor (X2), bn is the coefficient of the nth predictor (Xn), and ϵ_i is the difference between the predicted and the observed value of Y for the ith participant.
- Where as in the model it is taken as
- **$Y_i = b_0 + b_1X_{i1} + b_2X_{i2} + b_3X_{i3} + b_4X_{i4} + b_5X_{i5} + b_6X_{i6} + \epsilon_i$**

The b-values tell us about the relationship between business performance and each predictor. If the value is positive we can tell that there is a positive relationship between the predictor and the outcome, whereas a negative coefficient represents a negative relationship.

For these data all five predictors have positive b- values indicating positive relationships.

Here we can see that variable V23 has the highest impact on business performance, then V25, V22, V24, V21.

V23 (0.363): Risk taking is the important factor which has a direct positive impact on business performance.

V25 (0.351): Innovativeness is the second most factor which plays an important factor in the business performance.

V22 (0.317): Locus of Control is the third factor which helps in increasing the business performance.

V24 (0.312): Tolerance of ambiguity comes fourth for an entrepreneur in enhancing their business performance.

V21 (0.283): Need for achievement is the fifth and lowest factor to be considered in increasing the business performance.

The confidence intervals of the unstandardized beta values are constructed with 95% of these samples. So we can say that 95% of these confidence Intervals would contain the true value of b.

5.1 OBSERVATIONS

The purpose of this study was to identify the factors affecting the business success in small and medium sized enterprises in Odisha. A major implication for the findings is that these findings will be able to give better understanding for entrepreneurs and business owners in addressing the factors which will significantly affect the business success in SME. The study of the factors affecting business success of SMEs is critical in understanding the business continuity and growth hence help supporting economic development within a country. The results of this study can also be used as reference for anyone who is interested to start their own business which will provide insights into decision making in starting a business and also for any companies which are interested to continue to sustain and grow.

To achieve business success, many factors should be optimal simultaneously, since SMEs success is a multidimensional phenomenon. Both firm-internal and firm-external factors affect firm success. Entrepreneurs in successful SMEs and those in failed SMEs thought that pretty much the same factors are the most important for business success, and held the same views on the factors to be avoided in business. The research has looked into interpersonal traits of an entrepreneur and factors affecting business performance.

The result showed that interpersonal traits play a very important part in deciding the business performance of an SMEs. Main traits can be described as Risk taking, innovativeness, locus of control, tolerance of ambiguity and need for achievement. These factors decide the success of a business and its performance.

5.2 FINDINGS

In this research we came to know that interpersonal traits play an important role as much as 64.4% in business performance and variable V23 has the highest impact on business performance, then V25, V22, V24, V21.

V23 (0.363): Risk taking is the important factor which has a direct positive impact on business performance.

V25 (0.351): Innovativeness is the second most factor which plays an important factor in the business performance.

V22 (0.317): Locus of Control is the third factor which helps in increasing the business performance.

V24 (0.312): Tolerance of ambiguity comes fourth for an entrepreneur in enhancing their business performance.

V21 (0.283): Need for achievement is the fifth and lowest factor to be considered in increasing the business performance.

As we can see that five interpersonal traits have a positive impact on business performance, we can say that an entrepreneur should have these traits to be successful in running their SMEs.

There is a positive Relationship between interpersonal traits and business performance.

5.3 RECOMMENDATIONS

Despite these governmental programs SMEs still face many challenges, domestic and external, which could hinder their resilience and competitiveness. The most common reason of failure is lack of managerial/entrepreneurial characteristics. In Odisha there is no concept of training and education before starting business and it becomes a real cause of failure. Thus entrepreneurs having certain skills set that can help them in increasing their business performance hence having success in their SMEs. As it is proved in the study that interpersonal traits and business performance goes hand by hand, thus entrepreneurs should give importance to their interpersonal traits.

CONCLUSION

Entrepreneurs, with their new business formations and enterprise activities, are important factors on the process of countries' development and growth. Generally, the characteristics of entrepreneurship have been determined as being innovative, risk taker and creative; having vision and capability of flexible working and being focused on higher level of success.

The objective of the study is to identify the personal determinants of entrepreneur which are helpful for the success of the business; further the objective of the study was not only to highlight the determinant of entrepreneurial success but also to check the impact of each determinant on the success of business. Further it is also to identify the critical factor for success of business performance. It began with successful interpersonal traits of an entrepreneur and what drives them towards success and how this traits affects the business performance of small and medium enterprise entrepreneur. For this we have taken 5 factors for interpersonal traits i.e risk taking, locus of control, tolerance of ambiguity, innovativeness, need for achievement and 1 factor for business performance which is dependent on the five interpersonal traits. It is clearly evident that interpersonal traits of an entrepreneur plays a very crucial role in determining the business performance of an SMEs.

Through an empirical investigation, this study has identified five principal factors that are perceived to be major contributions to indicate the organization business performance. These factors in their order of importance are risk taking, locus of control, tolerance of ambiguity, innovativeness, need for achievement. However, it should be noted that the above conclusion should be treated with caution, as the results of this exploratory study stem from the perceptions of entrepreneurs who represent only a small sample of small scale industries in Rourkela, Odisha. In addition, the results of this study were subject to the limitations that all performance indicators which are indicate the small scale industries performance did not extracted from this study. Despite these imperfections, the study provides some useful insights to entrepreneurs and policy makers in involving the business activities on some factors that may be considered as important contributions to the performance of their small scale industries

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Questionnaire

I am a student of **School of Management, National Institute of Technology, Rourkela**. We are going to conduct a research to identify what are the characteristics of entrepreneurs which leads SME toward success. The questionnaire is also the part of research. We need your cooperation in answering the following questions. All collected information will be treated with strict confidentiality and will be used for study purpose only.

➤ **Age**

- a) 25-30 b) 31-40 c) 41-50 d) 51-60

➤ **Gender**

- a. Male
b. Female

➤ **Marital Status**

- a. Single
b. Married

➤ **Education**

- a. Illiterate
b. Under metric
c. Metric
d. Intermediates
e. Masters
f. Others

➤ **How you came to own the business?**

- a. Started the business
b. Purchased the business
c. Inherited the business
d. Other (please specify)

➤ **How many total year of personal business experience do you have?**

- a. Below 5 years
b. 6-10 years

- c. 11-15 years
- d. Above 15 years

➤ **What type of business do you have?**

- a. Sole proprietorship
- b. Partnership
- c. Corporate business

Please express your degree of agreement with following statement

(1= strongly disagree, 2= Disagree, 3= indifferent, 4= agree, 5= strongly agree)

		Strongly disagree	Disagree	Indifferent	Agree	Strongly agree
	Locus of control					
1	I want to shoot for excellence in everything I do.(Chung-Wen Yang, 2011)	1	2	3	4	5
2	I always try to learn lessons from my failures. .(Chung-Wen Yang, 2011)	1	2	3	4	5
3	I prefer being my own boss. .(Chung-Wen Yang, 2011)	1	2	3	4	5
4	I want to be the sole decision maker and have liberty to take any action I deem necessary. .(Chung-Wen Yang, 2011)	1	2	3	4	5
	Tolerance of ambiguity					
5	I am a lot less effective in stressful situation. .(Chung-Wen Yang, 2011)	1	2	3	4	5
6	I am fairly at ease in difficult situations. .(Chung-Wen Yang, 2011)	1	2	3	4	5

7	For me everything is possible if I believe I can do it. .(Chung-Wen Yang, 2011)	1	2	3	4	5
8	When I take on a project I have confidence that I will carry it out successfully. .(Chung-Wen Yang, 2011)	1	2	3	4	5
	Need for achievement					
9	I am always in the midst of launching new project. .(Chung-Wen Yang, 2011)	1	2	3	4	5
10	I am fairly curious and I am continually in search of discovery. .(Chung-Wen Yang, 2011)	1	2	3	4	5
11	According to me, it's possible to influence one's destiny. .(Chung-Wen Yang, 2011)					
12	The outcome of my actions depends on my own performance. .(Chung-Wen Yang, 2011)	1	2	3	4	5
	Risk Taking	1	2	3	4	5
13	I'm prepared to invest a lot of my own capital to take a business opportunity . .(Chung-Wen Yang, 2011)	1	2	3	4	5
14	I regularly take calculated risks to gain potential advantage. .(Chung-Wen Yang, 2011)	1	2	3	4	5
15	For me, the best possible plan is one that is risk free. .(Chung-Wen Yang, 2011)	1	2	3	4	5
16	I believe that higher risks are worth taking for higher rewards. .(Chung-Wen Yang, 2011)	1	2	3	4	5
	Innovativeness					
17	Constantly interact with people, including customers and clients, employees, financial lenders, investors, lawyers and accountants.(AndreasRauch,2004)	1	2	3	4	5
18	Willing to launch new product with latest technology. (AndreasRauch,2004)	1	2	3	4	5

19	Willing to expand your network for your product reach.(AndreasRauch,2004)	1	2	3	4	5
20	Willing to reach unexplored market. (AndreasRauch,2004)	1	2	3	4	5
	Business performance					
21	Satisfaction in Business Growth including Achievement of Business Goal.(Lingesiya.Y,2014)	1	2	3	4	5
22	Selfconfident about skills and knowledge to increase business performance. (Lingesiya.Y,2014)	1	2	3	4	5
23	Risk taking has a direct impact on the business performance. (Lingesiya.Y,2014)	1	2	3	4	5
24	Level of customer satisfaction related to business activities. (Lingesiya.Y,2014)	1	2	3	4	5
25	Achievement at business growth by facing the environmental challenge & strong competition. (Lingesiya.Y,2014)	1	2	3	4	5